



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Child Development
and Early Education



**American Rescue Plan Act
Stabilization Grants for
Child Care Providers**

NC Child Care Stabilization Grants: Frequently Asked Questions

Last Updated 10/22/2021

General

Q: What is the deadline to apply for stabilization grants?

A: October 31, 2021 at 11:59 PM.

Q: Where does a program apply for a stabilization grant?

A: Visit <https://ncchildcare.ncdhhs.gov/Home/Stabilization-Grants> to review available resources to help you plan and apply for a grant. Click “Apply now” to access the application portal.

Q: Is this online application to continue receiving operational grants?

A: The operational grant program is ending as this new program begins. The final operational grant payment will occur in October.

Q: Do I have to apply for a grant or will funds just be sent to me like they were for operational grants?

A: To receive a Stabilization Grant, a program must submit an online application.

ELIGIBILITY

Q: Are all child care providers in NC required to apply for a grant?

A: No, programs are not required to apply, but all eligible, qualified child care providers in North Carolina are encouraged to apply for stabilization grant funding.

Q: Who is eligible and qualified to receive the grant funds?

A: Programs that are eligible for Stabilization Grant funding include:

1. Private, for- or not-for-profit child care programs
2. Family child care homes
3. Faith-based (GS 110) programs

Note: 1. and 2. must be a licensed child care program to receive funding. Faith-based programs must operate under a Notice of Compliance.

A qualifying program must:

- Hold a license, or be regulated under a notice of compliance by DCDEE on or before March 11, 2021, or
- Hold a current license or a notice of compliance and be eligible to participate in the Subsidized Child Care Assistance Program.

Q. Are Head Start, Early Head Start and NC Pre-K programs eligible to receive Stabilization Grants?

A. Because stabilization grant funding is intended to help the child care sector, public prekindergarten programs, Head Start, or Early Head Start, which typically operate under different program rules and funding structures than child care, are not eligible for NC Child Care Stabilization Grants.

However, *private* NC Pre-K programs are eligible to apply.

Q: Are all program staff required to be vaccinated against COVID-19 to get stabilization grant funds?

A: All program staff are required to follow local, state, and federal public health requirements in the fight against COVID-19. However, receipt of a Stabilization Grant does not count as a federal government contractor, which would require vaccination.

Q: How is the online application used to determine a program's eligibility?

A: Following receipt of the stabilization grant application, electronic review will occur and if eligibility requirements are met, the application will be advanced for approval.

ALLOWABLE USES OF THE NC CHILD CARE PROGRAM STABILIZATION GRANTS

Q: How may I use the stabilization grant funds?

A: *Personnel costs:* Wages and benefits for child care program personnel, including increases in compensation for any staff in a child care center or family child care providers and their employees; health, dental, and vision insurance; scholarships; paid sick or family leave; and retirement contributions. Other examples of allowable personnel costs include ongoing professional development or training, premium or hazard pay, staff bonuses, and employee transportation costs to or from work. Funds may also be used to support staff in accessing COVID-19 vaccines, including paid time off for vaccine appointments and to manage side effects, as well as transportation costs to vaccine appointments.

Rent, utilities, and insurance: Rent (including rent under a lease agreement) or payment on any mortgage obligation, utilities, facility maintenance or improvements, or insurance. It also may include late fees or charges related to late payment.

Facility maintenance and improvements: Subgrant funds may not be used for construction or major renovations. Acceptable expenses may include, but are not limited to, building or upgrading playgrounds, renovating bathrooms, installing railing, ramps, or automatic doors to

make the facility more accessible, and removing non-load bearing walls to create additional space for social distancing. In addition, maintenance and minor renovations to address COVID-19 concerns are appropriate, as are any facilities improvements that make programs inclusive and accessible to children with disabilities and family members with disabilities.

Personal protective equipment, cleaning, and other health and safety practices: Personal protective equipment (PPE), cleaning and sanitization supplies and services, or training and professional development related to health and safety practices. Uses of funds under this category are not limited to those designed specifically in response to the COVID-19 public health emergency and may include equipment, supplies, services, and training that support meeting state and local health and safety guidelines, including those related to the prevention and control of infection diseases, prevention of sudden infant death syndrome and use of safe sleep practices, administration of medication (consistent with standards for parental consent), prevention and response to emergencies due to food and allergic reactions, building and physical premises safety, prevention of shaken baby syndrome and abusive head trauma and child maltreatment, response planning for emergencies from a natural disaster or a man-caused event, handling and storage of hazardous materials and the appropriate disposal of biocontaminants, appropriate precautions in transporting children, pediatric first-aid and CPR, and recognition and reporting of child abuse and neglect.

Equipment and supplies: This category includes purchases of or updates to equipment and supplies to respond to the COVID-19 public health emergency. So long as the equipment and supplies are in response to the COVID-19 public health emergency, they may include indoor and outdoor equipment and supplies that facilitate business practices consistent with safety protocols and developmentally appropriate practice, as well as business items needed to respond to new challenges, such as business software and upgrades. This also includes technological upgrades that programs can use to collect data and report to DHHS.

Goods and services: Any material good or service necessary for the operation of a child care program. Examples of goods that might be necessary to maintain or resume child care services include food and equipment and materials to facilitate play, learning, eating, diapering and toileting, or safe sleep. Examples of services that are allowable include business automation training and support services, shared services, child care management services, food services, and transportation. The category also covers fees associated with licensing and costs associated with meeting licensing requirements.

Mental health supports: Providers may use these funds to support the mental health of children and employees. Infant and early childhood mental health consultation (IECMHC), an evidence-based, prevention-based strategy that teams mental health professionals with people who work with young children and their families to improve their social, emotional, and behavioral health and development in the settings where children learn and grow, is one example of an allowable mental health support. The wellbeing of caregivers is also important to stabilizing the child care sector because the mental health and wellbeing of staff impacts training,

recruitment, and retention as well as the level of care provided to children. Mental health consultations for staff and other types of mental health supports to staff are also allowable.

Paying for past expenses: Funds may be used to reimburse costs incurred after the declaration of the public health emergency on January 31, 2020, for any of the uses of funds outlined above, as long as those uses were made in response to the COVID-19 public health emergency (including child care operating expenses related to rent and mortgage and facilities; personal protective equipment, sanitation, and health and safety; equipment and supplies; goods and services; and mental health services as described above), and were not previously reimbursed by other funding or programs including CARES child care grants, PPP, etc.

PAYMENT INFORMATION

How are the grants funds structured?

There are two components of North Carolina's Stabilization Grants: Fixed Costs and Families Grants, and Compensation Grants. These two components are intended to grant providers total amounts of funds that facilitate high quality child care at its true cost and increase the compensation supports to child care staff.

- 1) Fixed Costs and Families Component. The formula is composed of two parts:
 - a. A base amount for each provider based on the number of children they serve in their program, determined through national averages of the cost of child care (NAEYC estimates); plus
 - b. An additional add-on amount that factors on the estimated cost of high quality care for that program
 - i. Percent of infants and toddlers served
 - ii. Quality: QRIS Star rating
 - iii. Community Context - Social Vulnerability Index (SVI): Uses US Census data to determine the relative social vulnerability of every census tract.
 - iv. Subsidy Density – Percent of enrolled children who received child care subsidy
- 2) Compensation Component. A program must opt-in to providing compensation grants to its staff. If the program opts in, there are two options:
 - a. *Option 1.* Provide Bonuses
 - i. Programs will provide bonuses to their staff
 - ii. Must submit bonus plan to describe bonus schedule to teaching and non-teaching staff
 - b. *Option 2.* Increase Staff Base Pay and/or Provide or Increase Benefits

- i. Programs will increase base pay by implementing a salary scale for teaching and non-teaching staff based and/or provide or increase benefits
- ii. Higher grant awards than Option 1

Q: How much money will my program get?

A: You can use the estimator on the DCDEE website at <https://ncchildcare.ncdhhs.gov/Home/Stabilization-Grants>.

Q: What is the payment schedule for NC Child Care Stabilization Grants?

A: Once an application is approved, grant payments will be issued to providers quarterly beginning November 2021 for up to 18 months. All payments to eligible and approved child care providers will be made before June 30, 2023.

Q: For how long will a provider receive Stabilization Grant payments?

A: All payments to eligible and approved child care providers will be made quarterly through June 30, 2023. All expenses must be incurred by September 30, 2023.

Q: Are the Stabilization Grants considered taxable income?

A: The ARP Act does not exempt stabilization grant funding from taxation. Therefore, this funding is subject to the same tax rules as regular CCDF funding. State tax rules apply. Regarding federal tax rules, please contact the Internal Revenue Service for guidance.

Q: How will I report this on my taxes?

A: Your child care facility will receive a 1099 that would assist in the tax filing process. If you do not, you may contact FIS directly to request one. The contact information is www.fisglobal.com & (877) 776-3706.

ONLINE APPLICATION INFORMATION

Q: Where do I upload my application?

Paper applications are not available. Please apply online.

Q: What is the online application process?

A: Child Care Programs must submit an initial application for the grants online via the DCDEE website.

Q: When is the initial application period?

A: The NC Child Care Stabilization grant application will be open from Monday, October 11th through 11:59 PM on Sunday October 31st, 2021.

Q: What is the deadline for online applications?

A: Applications will be continuously accepted until 11:59 pm on Sunday, October 31st, 2021.

Q: If a provider owns/operates more than one child care facility, how do they apply? A:

Providers can receive only one stabilization grant per licensed child care program. If a provider has multiple facility sites, one application will need to be submitted per site.

Q: How often do providers need to apply for a Stabilization Grant?

A: Child care providers will only need to apply for the stabilization grant funding once.

Q: What information will be needed for the Stabilization Grant application?

A: Child care providers applying for the stabilization grant will need:

- Business NCID #
- FIS direct deposit account
- Payroll records
- Monthly expenses, e.g., rent/mortgage, utilities, insurance, etc.
- Revenue
- Tuition rates
- Enrollment
- Staff education and training

Q: How do I answer: *Was your program licensed (OR operating under a notice of compliance) by DCDEE on or before March 11, 2021?

A: If your program was licensed on or before March 11, 2021, you should respond “yes”. If your program is a GS 110-106 and operating under a notice of compliance on or before March 11, 2021, you should respond “yes”. You should only respond “no” if you are a new facility that was licensed after March 11, 2021.

Q: I am receiving error message “invalid date” when adding my license date. What do I do?

A: Make sure you answered the 2nd question in this section correctly. *See previous Q&A above.

Q: What must child care providers attest to in order to qualify for a stabilization grant?

A: Applicants must certify that, if awarded grant funds, they will:

1. Follow local, state, and federal health and safety requirements.
2. Maintain full compensation for staff.
3. To the extent possible, provide relief from copayments and tuition for parents struggling to afford child care.
4. Meet CCDF requirements (e.g., background checks, participate in health and safety trainings).

Q: Will I need to maintain documentation and/or receipts detailing how I used the stabilization grants?

A: Child care providers receiving stabilization grant funds will need to maintain and document payroll records, and keep invoices, receipts and bills associated with grant spending. There will be an online system with a platform for uploading receipts and records of spending.

Q: Once I submit my online application, can I edit my information?

A: No. Please make certain that all information is 100% accurate before hitting “I accept”.

- Take your time to ensure your application is complete.
- You can start and stop your application at any time with information saved.
- You have until **October 31, 2021, 11:59pm** to submit your application.
- There is no benefit to you to submit this application fast. Funds will not be distributed based on date of submission.
- Remember: this application includes legally attesting that everything entered is correct to the best of your knowledge.

Q: Where in the application do I indicate that I want to participate in the compensation component of the grant?

A: In Section VI: Certification, question 2: “(Optional) The child care program is applying for additional designated Grants funds and agrees to use these funds for the following personnel costs.” Check the box(es) that apply to what your program wants to do.

Q: Where in the application do I indicate how I’m going to spend my grant award funds?

A: You do not have to indicate on the application how base funds will be spent.

Q: Where in the application do I upload my records and receipts?

A: You do not have to submit receipts in the application process. You will document your use of funds in the reporting process.

Q: How in the application do I enter my star rating?

A: You don’t need to enter it. This information will come from the DCDEE regulatory system.

For questions not answered in this document, please call DCDEE’s Customer Support Team at (919) 814-6300, choosing Option 3, or email dcdee_support@dhhs.nc.gov, Monday-Friday 8:30 AM-4:30 PM